

**September 30, 2008: Metals Industry Trends**

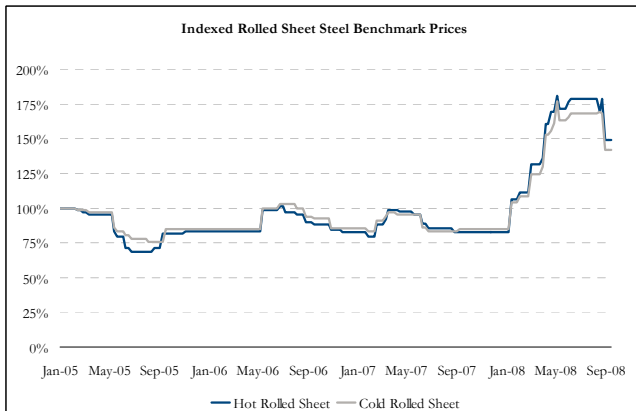
Tight credit markets, fears of a global recession and pullbacks in capital spending have contributed to a steep decline throughout all sectors of the metals industry. Dramatic increases in materials prices experienced in the first half of 2008 quickly reversed direction at the end of the summer, and decreased demand for rolled steel impacted raw materials markets particularly hard, with scrap prices plummeting due to a paucity of orders. Producers throughout the world have announced production cuts while inventories return to more acceptable levels. We believe the industry will remain fairly quiet for the next six to twelve months as the economy looks for stable footing and inventories are reduced.

The stock prices of public companies in the industry were down as much as 50% in the first three quarters of 2008,

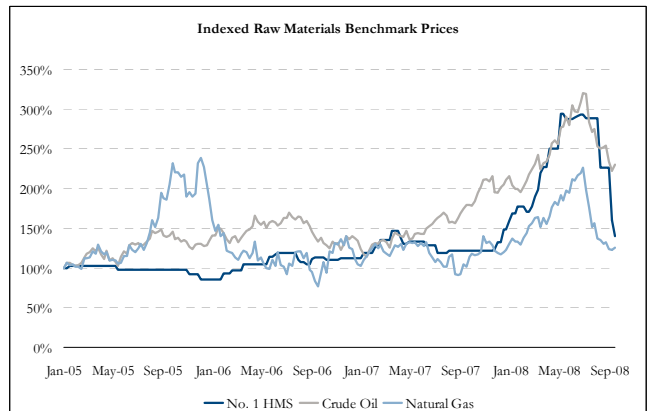
whereas the S&P 500 index declined approximately 20%. Hardest hit were steel producers – both integrated and mini-mill – where stock prices have fallen 40% on average, reflecting the market’s fear of a severe and prolonged recession.

M&A activity slowed significantly in the third quarter. Falling metals prices and higher than desired inventory levels have forced many managers to focus on operations rather than strategic alternatives. Many industry participants expect relatively low levels of activity in the near-term, with the exception of select strategic buyers with strong balance sheets looking to take advantage of the depressed market conditions. We anticipate these strategic buyers will be the most active acquirors for the foreseeable future as financial buyers continue to deal with constrained credit markets.

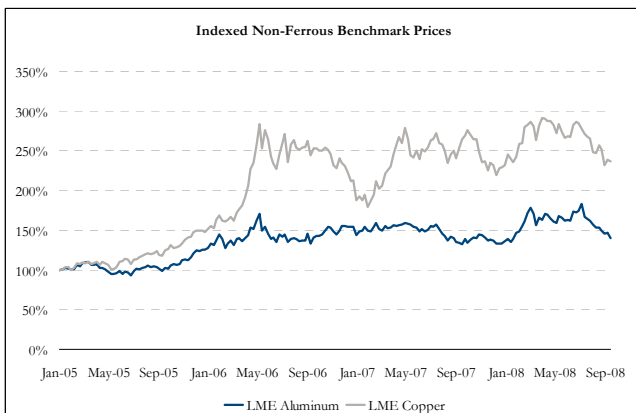
**Pertinent Market Statistics**



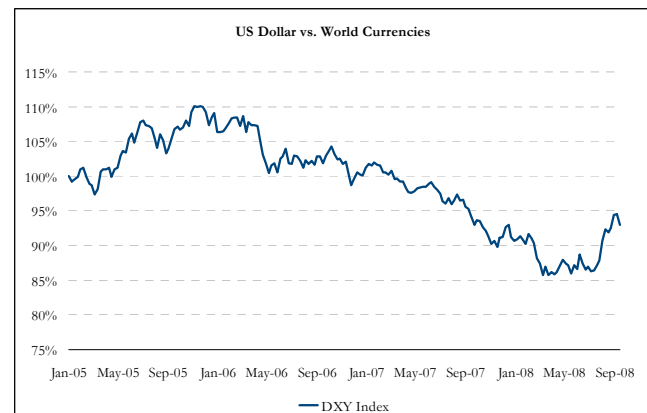
Source: Metal Bulletin as of 9/30/08.



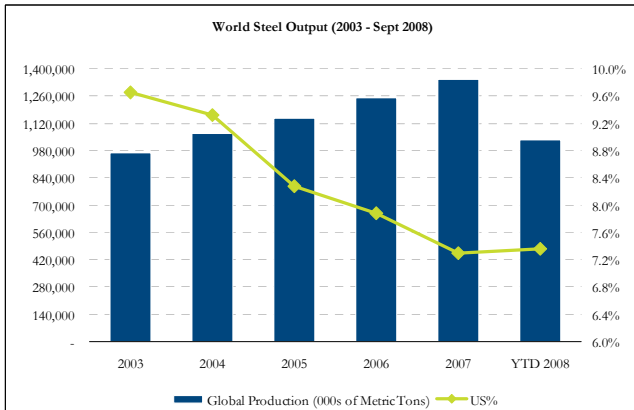
Source: Metal Bulletin and NYMEX as of 9/30/08.



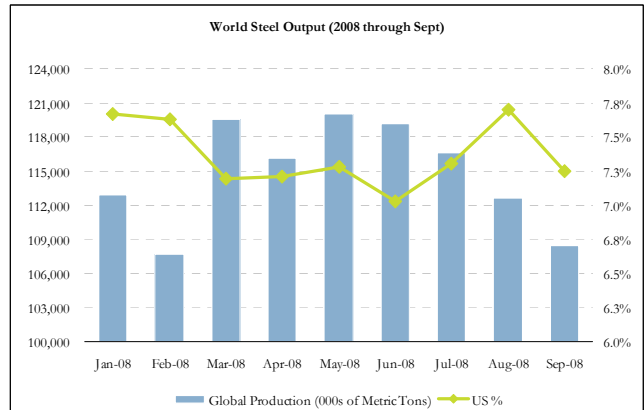
Source: LME as of 9/30/08.



Source: Bloomberg as of 9/30/08. DXY Index averages the exchange rates between the USD and the euro, Japanese yen, British pound, Canadian dollar, Swedish krona and Swiss franc.

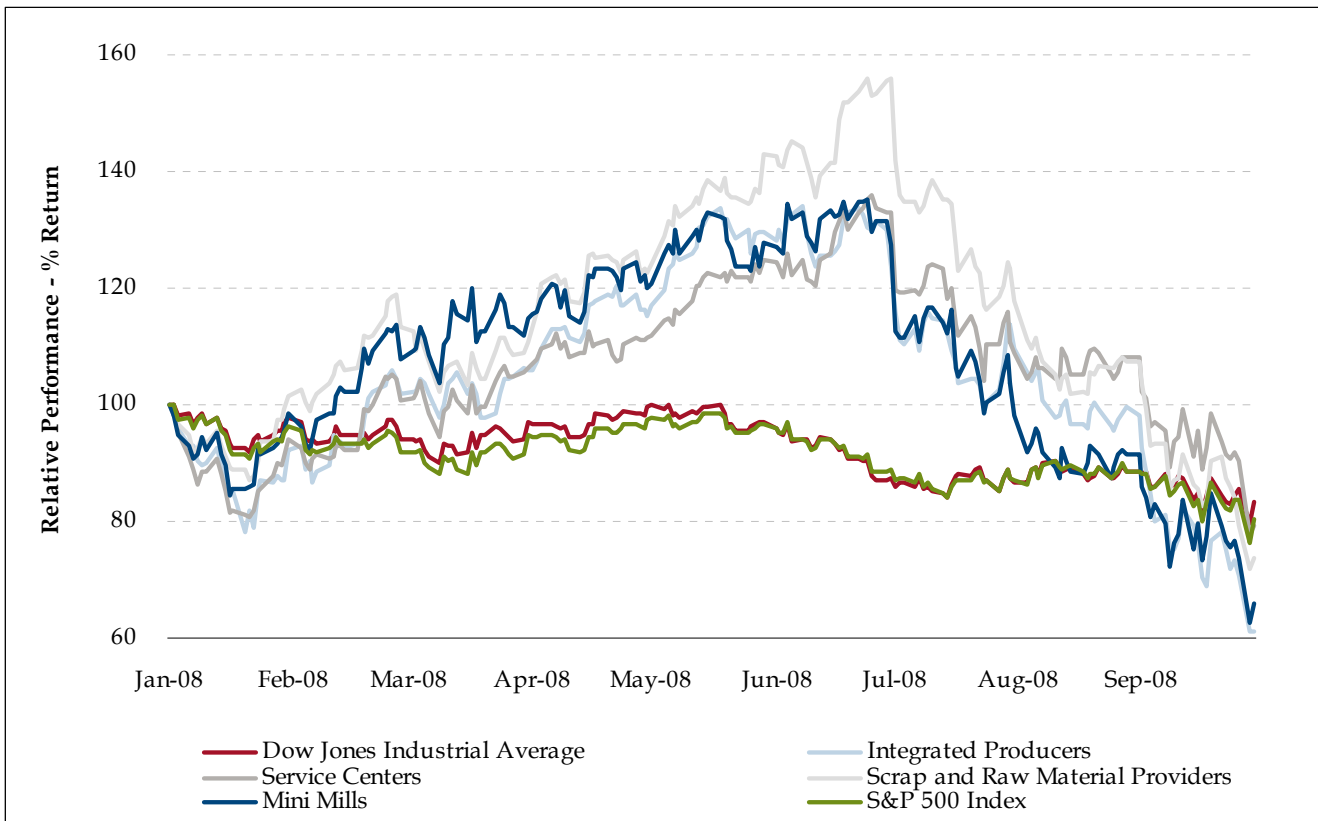


Source: World Steel Association as of 9/30/08.



Source: World Steel Association as of 9/30/08.

**Year-to-Date (9/30/08) Stock Price Performance**



Source: CapitalIQ, as of 9/30/08.

## Metals Industry Trading Comparables

(\$ in millions, except per share data)

Scrap and Raw Material Providers	Ticker	30-Sep-08	% 52-Week		Mkt Cap	Ent Val	LTM			EV / LTM		LTM P/E	Price / Book
		Stock Price	High	Revenue			EBITDA	NI	Rev	EBITDA			
Commercial Metals Co.	CMC	\$ 16.89	42.44%	\$ 1,934.2	\$ 2,893.5	\$ 10,427.4	\$ 528.9	\$ 232.0	0.3 x	5.0 x	8.2 x	1.2 x	
Industrial Services of America Inc.	IDSA	10.25	52.56%	36.8	47.2	111.0	9.6	4.6	0.5 x	5.7 x	10.1 x	2.6 x	
Metalico Inc.	MEA	5.90	31.30%	212.7	427.5	867.2	69.5	26.4	0.6 x	6.0 x	6.6 x	1.3 x	
Schnitzer Steel Industries Inc.	SCHN	39.24	33.10%	1,105.4	1,340.3	3,641.6	441.9	248.7	0.4 x	4.3 x	7.1 x	1.3 x	
Sims Group Ltd.	ASX:SGM	23.53	68.98%	4,253.2	4,539.9	7,331.1	639.9	414.0	0.7 x	7.8 x	11.3 x	1.8 x	
<b>Sector Median</b>			42.44%						0.5 x	5.7 x	8.2 x	1.3 x	

Service Centers	Ticker	30-Sep-08	% 52-Week		Mkt Cap	Ent Val	LTM			EV / LTM		LTM P/E	Price / Book
		Stock Price	High	Revenue			EBITDA	NI	Rev	EBITDA			
AM Castle & Co.	CAS	\$ 17.28	43.79%	\$ 391.3	\$ 503.7	\$ 1,501.6	\$ 89.6	\$ 43.2	0.3 x	4.9 x	8.8 x	1.0 x	
Gibraltar Industries, Inc.	ROCK	18.71	75.96%	560.4	972.1	1,390.6	139.0	44.7	0.7 x	7.6 x	14.7 x	0.9 x	
Olympic Steel Inc.	ZEUS	29.49	37.65%	320.3	348.3	1,209.7	123.1	71.5	0.3 x	3.6 x	6.0 x	1.0 x	
Reliance Steel & Aluminum Co.	RS	37.97	48.41%	2,780.7	3,848.3	8,281.7	961.1	496.4	0.5 x	4.5 x	6.4 x	1.2 x	
Russel Metals Inc.	TSX:RUS	21.70	70.83%	1,372.9	1,322.0	2,946.0	356.8	212.1	0.5 x	5.0 x	9.4 x	1.5 x	
Worthington Industries, Inc.	WOR	14.94	56.46%	1,177.0	1,586.1	3,221.4	252.5	155.5	0.5 x	4.8 x	8.1 x	1.3 x	
<b>Sector Median</b>			52.43%						0.5 x	4.9 x	8.4 x	1.1 x	

Integrated Producers	Ticker	30-Sep-08	% 52-Week		Mkt Cap	Ent Val	LTM			EV / LTM		LTM P/E	Price / Book
		Stock Price	High	Revenue			EBITDA	NI	Rev	EBITDA			
AK Steel Holding Corp.	AKS	\$ 25.92	35.47%	\$ 2,908.4	\$ 3,192.8	\$ 7,877.5	\$ 1,067.8	\$ 541.3	0.4 x	3.5 x	6.7 x	2.2 x	
Arcelor Mittal	MT	49.43	51.80%	68,465.4	99,644.6	130,840.0	23,119.0	14,466.0	0.9 x	4.6 x	7.1 x	1.2 x	
Joint Stock Company Severstal	RTS:CHMF	10.20	36.62%	10,278.6	11,845.0	18,053.4	4,369.3	2,728.1	0.7 x	2.8 x	5.3 x	0.9 x	
United States Steel Corp.	X	77.61	39.60%	9,118.2	12,120.2	23,787.0	3,227.0	1,857.0	0.6 x	5.2 x	8.6 x	1.4 x	
<b>Sector Median</b>			38.11%						0.6 x	4.0 x	6.9 x	1.3 x	

Mini-Mill Producers	Ticker	30-Sep-08	% 52-Week		Mkt Cap	Ent Val	LTM			EV / LTM		LTM P/E	Price / Book
		Stock Price	High	Revenue			EBITDA	NI	Rev	EBITDA			
Commercial Metals Co.	CMC	\$ 16.89	42.44%	\$ 1,934.2	\$ 2,893.5	\$ 10,427.4	\$ 528.9	\$ 232.0	0.3 x	5.0 x	8.2 x	1.2 x	
Gerdau AmeriSteel Corp.	GNA	9.84	49.72%	4,260.4	7,052.9	8,826.5	1,755.1	883.4	0.9 x	4.7 x	5.6 x	1.0 x	
Nucor Corporation	NUE	39.50	47.27%	12,504.8	13,296.3	23,909.1	4,115.7	2,089.9	0.6 x	3.8 x	6.3 x	1.6 x	
Steel Dynamics Inc.	STLD	17.09	41.76%	3,426.4	5,859.9	8,321.1	1,322.6	643.9	0.8 x	5.0 x	6.1 x	1.7 x	
<b>Sector Median</b>			44.85%						0.7 x	4.9 x	6.2 x	1.4 x	

<b>Overall Median</b>			43.79%						0.5 x	4.9 x	7.1 x	1.3 x
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Source: CapitalIQ; reflects publicly available data as of 9/30/08.

### Selected Year-to-Date Metals Industry Transactions

(\$ in millions)

Announcement Date	Target	Buyers/Investors	Sector	Transaction Value	Transaction Value / Revenue	Transaction Value / EBITDA
22-Sep-08	Weinert Recycling Co Inc.	Sims Group Ltd.	Scrap / raw material processing	N/A	-	-
18-Sep-08	Ponce Resources Inc.	Schnitzer Steel Industries, Inc.	Scrap / raw material processing	N/A	-	-
4-Sep-08	Beta Steel	OJSC Novolipetsk Steel	Production	350.0	1.1 x	16.7 x
5-Aug-08	American Compressed Steel, Inc.	Advantage Metals Recycling	Scrap / raw material processing	N/A	-	-
5-Aug-08	Victoria Recycling L. P.	David J. Joseph Co.	Scrap / raw material processing	N/A	-	-
4-Aug-08	Three "pull apart" auto scrap businesses	Schnitzer Steel Industries, Inc.	Scrap / raw material processing	N/A	-	-
15-Jul-08	Reinforcing Post-Tensioning Services, Inc.	Commercial Metals Company	Rebar fabrication	N/A	-	-
1-Jul-08	Five coating and rebar companies	Commercial Metals Company	Rebar fabrication	N/A	-	-
16-Jun-08	Bayou Steel Corp.	ArcelorMittal	Production	475.0	1.4 x	-
16-Jun-08	PNA Group, Inc.	Reliance Steel & Aluminum Co.	Processing and distribution	1,095.5	0.6 x	9.6 x
12-Jun-08	Ambassador Steel Corporation	Harris Steel Group, Inc.	Rebar fabrication	321.0	-	-
9-Jun-08	Evans & Mondon Ltd.	Sims Group, Ltd.	Recycling and industrial dismantling	N/A	-	-
9-Jun-08	Bakermet Inc.	ArcelorMittal	Scrap / raw material processing	N/A	-	-
28-May-08	Three North Carolina scrap yards	Recycle South LLC	Scrap / raw material processing	N/A	-	-
12-Feb-08	Camalloy, Inc.	Republic Financial Corp.	Service center	N/A	-	-
19-Feb-08	TAD Metals, Inc.	O'Neal Steel, Inc.	Processing and distribution	N/A	-	-
26-May-08	Pacific Coast Recycling, LLC	SA Recycling LLC	Scrap / raw material processing	N/A	-	-
20-May-08	Esmark, Inc.	Joint Stock Company Severstal	Processing and distribution; production	1,212.8	1.0 x	40.1 x
19-May-08	Strugis Iron & Metal	Steel Dynamics, Inc.	Scrap / raw material processing	42.0	-	-
16-May-08	WCI Steel	AO Severstal	Production	402.7	0.5 x	17.0 x
14-May-08	Namascos Ltd.	Samuel, Son & Co. Ltd.	Service center	N/A	-	-
9-May-08	Joseph Simon & Sons, Inc.	Graham Capital Group, LLC	Scrap / raw material processing	N/A	-	-
8-May-08	Recycle South LLC	OmniSource Corporation	Scrap / raw material processing	502.9	0.8 x	-
29-Apr-08	Rebar Service & Supply Co.	Commercial Metals Company	Rebar fabrication	N/A	-	-
10-Apr-08	Sunbelt Steel Texas, Inc.	Freestone Partners	Processing and distribution	N/A	-	-
4-Apr-08	Taylor Equipment & Machine Tool Corporation	Namascos Corporation	Specialty plate distribution / processing	N/A	-	-
4-Apr-08	SCI Recycling Service	Alter Trading Corp.	Scrap / raw material processing	N/A	-	-
2-Apr-08	Ocala Recycling, Inc.	Blaze Recycling & Metals, Inc.	Scrap / raw material processing	N/A	-	-
27-Mar-08	The Snyder Group, Inc.	Metalico Inc.	Scrap / raw material processing	77.6	0.7 x	4.2 x
21-Mar-08	Sparrows Point Plant	Joint Stock Company Severstal	Production	810.0	-	32.4 x
19-Mar-08	Metal Recycling Services Inc.	Nucor Corp.	Scrap / raw material processing	N/A	-	-
14-Mar-08	IPSCO, Inc.	Evrax Group S.A.	Production	4,910.2	1.2 x	4.9 x
14-Mar-08	S & S Steel Warehouse, Inc.	PNA Group, Inc.	Service center	44.5	-	-
7-Mar-08	Niles Iron & Metal LLC and Mercer Company	Liberty Iron & Metal Co., Inc. and Scholz AG	Scrap / raw material processing	N/A	-	-
3-Mar-08	Slippery Rock Towing & Salvage	PSC Metals, Inc.	Scrap / raw material processing	N/A	-	-
20-Feb-08	Midwest Steel and Alloy Inc.	AMG Resources Corp.	Scrap / raw material processing	N/A	-	-
19-Feb-08	Galamba Metals Group, LLC	David J. Joseph Co.	Scrap / raw material processing	N/A	-	-
12-Feb-08	Century Steel, Inc.	Pacific Coast Steel, Inc. (Gerdau Ameristeel)	Rebar fabrication	151.5	-	-
8-Feb-08	David J. Joseph Company	Nucor Corp.	Scrap / raw material brokerage	1,440.0	0.2 x	7.3 x
1-Feb-08	J.T. Knight	Schnitzer Steel Industries, Inc.	Scrap / raw material processing	N/A	-	-
8-Jan-08	ProTrade Group LLC	Interseroh AG	Scrap / raw material processing	N/A	-	-

Source: CapitalIQ and Thomson Financial as of 9/30/08.



## Market Update *Metals Industry*

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